

**WASHINGTON, DC** - U.S. Congressman Mike Pence issued the following statement regarding a government takeover of the student loan industry that was attached to the health care reconciliation bill signed by President Obama yesterday:

**"This government takeover of the student loan industry is another job-killer and the last thing Hoosiers want or need in the midst of the worst economy in 25 years.**

**"I call for the immediate repeal of this job-killing plan; we can do better than to nationalize nearly every sector of the American economy and we must act now."**

**BACKGROUND:**

President Obama signed into law the health care bill (H.R. 4872) which included a massive overhaul of the student lending industry, eliminating the Federal Family Education Loan program and shifting all student loans to a government-run and taxpayer financed system under the Direct Loan program, even though the DL program is not more cost effective than the FFEL program (In 2007-08, the FFEL program served more than 6.4 million students and parents at 5,000 postsecondary institutions, lending a total of \$55.3 billion). This proposal is likely to increase federal spending by \$32-39 billion over ten years as most of the proposal's "savings" are poured back into more entitlement spending, and it increases the cost of the Pell Grant program. According to the CBO Director, current budget scoring rules do "not include the cost to the government stemming from the risk that the cash flows may be less than the amount projected" (that is, that defaults could be higher than projected).

**NOTE:** As a result of this nationalization of the student lending industry, Sallie Mae is projected to cut as many as 2,500 jobs from its national workforce. Currently, 700 Hoosiers are employed at the Sallie Mae call center in Muncie.